

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 IO-13 ACDA-12 OMB-01 TRSE-00 AID-05

CIAE-00 DODE-00 PM-05 H-01 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-08

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FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 5750

INFO AMEMBASSY BRASILIA

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E.O. 11652: NA

TAGS: PEPR, BR, UY

SUBJ: BRAZILIAN PRESIDENT IN TWO-DAY STATE VISIT TO URUGUAY

1. SUMMARY. BRAZILIAN PRESIDENT ERNESTO GEISEL, ACCOMPANIED BY A RETINUE OF SIX CABINET MINISTERS, 35 ECONOMIC AND FINANCIAL ADVISORS AND OVER 70 JOURNALISTS PAID A BUSY 50-HOUR STATE VISIT TO URUGUAY ON JANUARY 25-27. GEISEL'S FORMAL ACTIVITIES INCLUDED PRIVATE DISCUSSIONS WITH URUGUAYAN PRESIDENT MENDEZ, A VISIT TO LAFTA'S MONTEVIDEO HEADQUARTERS, A PRESS CONFERENCE, AND THE RITUAL EXCHANGE OF RATIFICATIONS FOR TWO BORDER-AREA DEVELOPMENT PROJECTS, AS WELL AS A NUMBER OF OTHER MINOR AGREEMENTS. ECONOMIC AND FINANCIAL DISCUSSIONS AT THE CABINET LEVEL VENTILATED URUGUAYAN CONCERN AT ITS CONSISTENT TRADE DEFICIT WITH BRAZIL. NO CONCESSIONS WERE ACHIEVED ON INCREASED URUGUAYAN MEAT SALES, BUT A SUBSTANTIAL BRAZILIAN TRADE CREDIT WAS GRANTED. OVERALL, THE VISIT CAME ACROSS AS WAS OBVIOUSLY INTENDED TO BE, A SMOOTHLY-ORCHESTRATED MEDIA EVENT WITH A LIMITED OFFICIAL USE

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HIMIMUM OF SUBSTANCE. END SUMMARY.

2. AN ITAMARATY SPOKESMAN SET THE TONE FOR PRESIDENT GEISEL'S VISIT BY DESCRIBING IT AS "WITHOUT SURPRISES", A "RITUAL OF FRIENDSHIP" TO STRENGTHEN THE SPECIAL TIES BETWEEN "TWO COUNTRIES FOR WHOM THERE REMAINS LITTLE TO BE DONE IN FAVOR OF EXTEN-

SIVE AND CLOSE BILATERAL RELATIONS". REPORTS COVERING HIS MEETINGS WITH PRESIDENT MENDEZ, AS WELL AS THE NUMEROUS CEREMONIAL DECLARATIONS, STRESSED THE EXCELLENT RELATIONS BETWEEN URUGUAY AND BRAZIL. GEISEL, AT HIS JANUARY 26 PRESS CONFERENCE, MADE A POINT OF THE CLOSENESS OF THESE RELATIONS AND BRAZIL'S DESIRE TO "FIND NEW WAYS TO INTENSIFY THEM".

3. THE BRAZILIAN PRESIDENT'S APPEARANCE AT LAFTA HEADQUARTERS WAS INTERPRETED HERE AS CONFIRMING THE IMPORTANCE WHICH BRAZIL ACCORDS TO LAFTA AND PROVIDING SIGNIFICANT SUPPORT FOR THE EFFORTS OF VARIOUS LATIN AMERICAN COUNTRIES TO "DYNAMIZE" THE REGIONAL ASSOCIATION. IN HIS SPEECH TO THE SECRETARIAT GEISEL PRAISED ITS WORK BUT CALLED FOR FURTHER REVITALIZATION AND PROGRESS IN REGIONAL INTEGRATION. AS A PRACTICAL MEASURE, HE SUGGESTED AN EXTENSION OF THE PRESENT TRANSITION PERIOD THROUGH 1978 TO ALLOW TIME TO WORK OUT A MORE EFFICIENT FRAMEWORK FOR REGIONAL COOPERATION. THE ISSUE OF BRAZILIAN "HEGEMONY" OVER ITS LATIN AMERICAN NEIGHBORS WAS RAISED BY GEISEL HIMSELF DURING HIS PRESS CONFERENCE. HE REASSURED URUGUAYANS THAT BRAZIL HAD NO EXPANSIONIST POLICY, AND THAT THE COUNTRY WAS SO LARGE THAT "IT HOPES ONLY TO CONQUER ITSELF". HIS STATEMENT IS A REITERATION OF GEISEL'S RECENT REMARKS TO THE PRESS IN MEXICO, LIMITED OFFICIAL USE

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REPORTED LOCALLY, STRESSING BRAZIL'S DISINTEREST IN INTERFERING WITH THE INTERNAL AFFAIRS OF ANY NATION.

4. IN ADDITION TO ITS HIGHLY-TOUTED CEREMONIAL ASPECTS, THE VISIT PRODUCED AN EXCHANGE OF TWO PREVIOUSLY RATIFIED AGREEMENTS PROVIDING FOR JOINT DEVELOPMENT OF THE LAGUNA MERIN AND RIO YAGUARON. ALTHOUGH THE PROJECTS ARE OF MAJOR ECONOMIC AS WELL AS SYMBOLIC SIGNIFICANCE, THE AGREEMENTS HAD LONG SINCE BEEN COMMITTED TO PAPER (MONTEVIDEO A-67 OF JULY 22, 1977). BRAZIL AGREED, HOWEVER, TO FINANCE THE CONSTRUCTION OF TWO DAMS ON THE RIO YAGUARON ESTIMATED AT 140 MILLION DOLLARS. (THE GOU HAD UNTIL RECENTLY BEEN PLANNING TO SEEK IDB FINANCING FOR THESE PROJECTS.) THE POSSIBILITY OF BRAZILIAN FINANCING FOR A CEMENT PLANT TO SERVICE THESE PROJECTS WAS ALSO DISCUSSED. URUGUAY'S MINISTER OF FINANCE AND ECONOMY ALSO TOOK THE OPPORTUNITY TO RAISE WITH HIS BRAZILIAN COUNTERPART URUGUAY'S SERIOUS AND PROLONGED NEGATIVE TRADE BALANCE WITH BRAZIL. DESPITE AN INCREASE IN TRADING VOLUME (FROM 33 MILLION IN 1966 TO 156 MILLION IN 1977), URUGUAY

COMPLAINED OF ITS OVERALL 150 MILLION DOLLAR DEFICIT
FOR THE 12-YEAR PERIOD AND OF THE SLOW RATE
WITH WHICH THE PROTOCOL OF
COMMERCIAL EXPANSION (SIGNED
IN 1975) WAS BEING IMPLEMENTED. TO OFFSET THIS
IMBALANCE, URUGUAY PROPOSED A FIXED-QUOTA SYSTEM
FOR MEAT EXPORTS TO BRAZIL. THIS WAS REJECTED,
THE BRAZILIANS LIMITING THEMSELVES TO A COMMITMENT
TO GIVE PREFERENCE TO URUGUAYAN SOURCES WHEN IMPORTING
MEAT. AT THE SAME TIME, BRAZIL AGREED TO CONSIDER
MEASURES TO CORRECT 1977'S 12 MILLION DOLLAR SURPLUS
WITH URUGUAY WITHIN THE NEXT 90 DAYS, ALTHOUGH NO
DETAILS WERE PROVIDED. OTHER MEANS OF EXPANDING
BILATERAL TRADE WERE DISCUSSED BUT WITH NO APPARENT
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CONCRETE RESULTS.

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ACTION ARA-14

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CIAE-00 DODE-00 PM-05 H-01 INR-07 L-03 NSAE-00
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5. THREE MINOR AGREEMENTS (ON SOCIAL SECURITY,
ANIMAL HEALTH, AND AMATEUR RADIO OPERATIONS) WERE
ALSO SIGNED. THESE WERE CITED, ALONG WITH OTHER
ONGOING PROJECTS, AS EXAMPLES OF THE SPIRIT AND
LETTER OF THE 1975 TREATY OF FRIENDSHIP, COOPERATION

AND COMMERCE. IN ADDITION, A WORKIG GROUP WAS ESTABLISHED TO STUDY ECONOMIC COOPERATION IN THE FISHING INDUSTRY, A POTENTIALLY IMPORTANT STEP SINCE, AS GEISEL NOTED PUBLICLY, "THE TWO COUNTRIES HAVE CONFLICTING INTERESTS" IN AN AREA OF GREAT ECONOMIC SIGNIFICANCE TO URUGUAY. FINALLY, THE CENTRAL BANK OF BRAZIL AGREED TO EXTEND AN ADDITIONAL 50 MILLION DOLLARS OF CREDIT FOR URUGUAYAN IMPORTS OF BRAZILIAN CAPITAL GOODS, A MOVE WHICH REPRESENTS THE MOST IMPORTANT TANGIBLE BENEFIT WHICH URUGUAY HAS REAPED FROM THIS ENCOUNTER, ALTHOUGH CLEARLY NOT DESIGNED TO IMPROVE URUGUAY'S BILATERAL TRADE IMBALANCE.

6. ALTHOUGH GEISEL'S VISIT WAS DETERMINEDLY CEREMONIAL AND TIGHTLY-ORCHESTRATED, THE SUBJECT OF HUMAN RIGHTS WAS RAISED ON ONE OCCASION BY AN OTHERWISE TAME PRESS LIMITED OFFICIAL USE

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RETINUE. GEISEL WAS ASKED, AT HIS MAJOR PRESS CONFERENCE, IF HE AND MENDEZ HAD DISCUSSED "PRESIDENT CARTER'S POLICY" (NOT OTHERWISE DEFINED). GEISEL SPECIFICALLY DENIED THAT THE SUBJECT OF HUMAN RIGHTS HAD BEEN A TOPIC OF CONVERSATION IN HIS DIALOGUES WITH MENDEZ BUT REMARKED THAT THERE "IS AFFINITY BETWEEN URUGUAY AND BRAZIL IN THE SENSE OF RESPECT FOR HUMAN RIGHTS. BOTH COUNTRIES ATTEMPT TO ENSURE SUCH RESPECT." ALTHOUGH THE VISIT THUS FAR HAS RECEIVED LITTLE EDITORIAL COMMENT, INDEPENDENT "EL DIA" HAS ADROITLY MADE USE OF THE BRAZILIAN VISIT TO OBLIQUELY CONTRAST CONDITIONS IN BRAZIL AND URUGUAY. GEISEL WAS PRAISED FOR HAVING INITIATED AND STIMULATED THE "MOVEMENT TOWARD INSTITUTIONALIZATION OF THE BRAZILIAN REGIME TOWARD FULL LEGAL DEMOCRACY". IN ADDITION, "EL DIA" ALLUDED TO THE AREAS WHICH "BRAZIL'S INDEPENDENT PRESS WAS ABLE TO DISCUSS WITH LIBERTY"--IN SHARP CONTRAST TO URUGUAY'S CONTROLLED PRESS. A CHARACTERISTIC EXAMPLE OF THE LATTER WAS THE GOU DECISION TO ACCREDIT ONLY BRAZILIAN AND URUGUAYAN JOURNALISTS FOR THE EVENT (IN AN APPARENT ATTEMPT TO EXCLUDE THE SCRAPPY ARGENTINE PRESS). BOTH AP AND UPI TRIED, BUT WITHOUT SUCCESS, TO BEEF UP THEIR LOCAL STAFFS BY ACCREDITING EXTRA NEWSMEN FROM THEIR BUENOS AIRES OFFICES. PEZZULLO

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